

MINUTE ITEM

This Calendar Item No. 34
 was approved as Minute Item
 No. 34 by the State Lands
 Commission by a vote of 3
 to 0 at its 4-7-81
 meeting.

CALENDAR ITEM

34

3/81
 Thompson

SPECIFICATIONS AND FORMS FOR THE NOTICES
 INVITING BIDS, CRUDE OIL SELL-OFF, LONG BEACH
 HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A"
 WILMINGTON OIL FIELD

At its meeting on March 5, 1981, the State Lands Commission requested the City of Long Beach to begin the process of offering for competitive bidding 12½% of the oil allocated to the Long Beach Harbor Department Tidelands Parcel and 12½% of the oil produced from Parcel "A" in the Wilmington oil field, by recommending specifications for the quantities of crude oil to be offered, the contract form and the pricing provision in the contracts.

The City of Long Beach, in cooperation with the Commission's staff, has prepared the notices inviting bids, bid forms and crude oil sales contracts to be used for the contemplated sell-offs. The significant specifications are set forth in Exhibit "A" to this calendar item. Copies of the forms for the notices inviting bids, bids and crude oil sales contracts are available for inspection in the office of the State Lands Commission.

Section 10(a) of Chapter 29, Statutes of 1956, First Extraordinary Session, requires that all specifications and forms for the purpose of inviting bids in connection with the disposition of oil derived from the Long Beach tidelands be approved by the State Lands Commission prior to publication of the notice to bidders.

When the bids are received, they will be presented by the City of Long Beach and the Commission's staff to the Commission for approval and acceptance.

EXHIBIT: A. Significant specifications set forth in sell-off bid forms

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE THE SPECIFICATIONS AND FORMS FOR THE NOTICES INVITING BIDS, BIDS AND CRUDE OIL SALES CONTRACTS FOR SALE OF THE 4½% SEGMENT AND TWO 4% SEGMENTS FROM THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND THE 12½% SEGMENT FROM PARCEL "A", WILMINGTON OIL FIELD, CITY OF LONG BEACH, LOS ANGELES COUNTY.

A 57, 58

S 27, 31

EXHIBIT "A"

The significant specifications set forth in sell-off bid forms are as follows:

1. Amount:

The sell-offs will be offered in four contracts; two contracts for 4% each and one contract for $4\frac{1}{2}\%$ of the crude oil allocated each month to the Long Beach Harbor Department Tidelands Parcel, and one contract for the $12\frac{1}{2}\%$ segment of the crude oil produced each month from Parcel A. Currently the amounts of oil available for sell-off are approximately:

Long Beach Harbor Department Tidelands Parcel

4% segments, each. 420 barrels per day

$4\frac{1}{2}\%$ segment 485 barrels per day

Parcel A, $12\frac{1}{2}\%$ segment 385 barrels per day

2. Price:

The price to be paid by the purchasers shall be the higher of (1) the highest price posted for like crude oil on the day of delivery in the Wilmington oil field among postings of Chevron, Union, Mobil and ARCO or (2) the price computed in accordance with the oil valuation provisions of the Drilling and Operating Contract (Long Beach Harbor Department Tidelands Parcel) or the Parcel "A" Oil Contract, whichever is applicable, plus a bonus price per barrel that is the bid factor.

3. Term:

The contracts for the two 4% segments will begin September 1 1981, and the others will begin October 1, 1981. All contracts will run through February 28, 1982.

4. Cash Deposit:

Each bidder shall submit with his bid, as evidence of good faith, a deposit in the form of a certified or cashier's check in the amount of \$25,000.

CALENDAR PAGE

200

MINUTE PAGE

677

5. Surety:

A letter of credit from a California bank in the following amounts is required of the purchasers:

Long Beach Harbor Dept. Tidelands Parcel

4% segment, each \$680,000

4½% segment \$790,000

Parcel A, 12½% segment \$625,000

6. Insurance:

The purchasers shall maintain or procure personal liability insurance of at least \$500,000 per person and \$1,000,000 for more than one person and property damage insurance of at least \$1,000,000.

7. Delivery:

All oil shall be taken from Wilmington Oil Field delivery points, as approved by the City, for the Fault Block II Unit, the Fault Block III Unit, the Fault Block IV Unit, the Fault Block V Ranger Zone Unit and for Parcel A. The purchasers shall provide their own delivery equipment, subject to approval by the City and at no expense to the City.

8. Selection of Successful Bidders:

The successful bidders shall be the responsible bidders making the highest per barrel bonus bid.

9. Responsibility:

Each bidder shall submit evidence of his ability to take the crude oil and shall also file a financial statement. The findings of the City Manager of Long Beach and the State Lands Commission as to these factors will be final.

10. Rejection of Bids:

The right to reject any bid is reserved to the City of Long Beach and the State Lands Commission.